

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-05 H-02
INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02
SS-15 USIA-15 AID-05 COME-00 EB-08 FRB-01 TRSE-00
XMB-04 OPIC-06 LAB-04 SIL-01 OMB-01 STR-05 CEA-01
INT-05 DLOS-09 OES-07 FEAE-00 AGRE-00 ACDA-10
ERDA-07 /144 W

-----040843 041837Z /42

P R 041715Z OCT 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 8994
INFO AMCONSUL BELFAST
AMCONSUL EDINBURGH

UNCLAS SECTION 01 OF 02 LONDON 16544

E.O. 11652: N/A
TAGS: PINT, PGOV, UK
SUBJECT: LABOR PARTY CONFERENCE: CALLAGHAN DOMINATES
PROCEEDINGS

REF: LONDON 16217

SUMMARY - PRIME MINISTER CALLAGHAN, IN A CAREFULLY-
CRAFTED AND CONFIDENTLY-DELIVERED OCTOBER 4 SPEECH,
PROVIDED THE NEAREST THING TO REAL PASSION CONFERENCE
DELEGATES HAVE SEEN THIS WEEK. HE RECEIVED A STANDING
OVATION FOR HIS EFFORT, THE FIRST OF THE CONFERENCE.
THE VASTNESS OF BRIGHTON'S MODERN,NEW CONFERENCE CENTER
PROVIDED A PERFECT SETTING FOR THE SKILLFULLY-SCRIPTED
CONFERENCE SCENARIO. EXCEPT FOR THE NATIONAL EXECUTIVE
COMMITTEE (NEC) ELECTIONS, WHICH CONFIRMED THE LEFT-
WING'S PREDOMINANCE FOR AT LEAST ANOTHER YEAR, THE
CONFERENCE HAS RUN SMOOTHLY AND ACCORDING TO PLAN.
DELEGATES HAVE DUTIFULLY ACCEPTED NEC RECOMMENDATIONS
AND AGREED TO REMIT OR VOTED DOWN RESOLUTIONS SHARPLY
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CRITICAL OF GOVERNMENT POLICIES OR PRACTICES. APART
FROM CALLAGHAN'S SPEECH AND A BRIEF BUT REMARKABLY
WELL-RECEIVED INTERVENTION BY CHANCELLOR HEALEY DEFEND-
ING THE GOVERNMENT'S ECONOMIC POLICY, THE ANODYNE HAS
REIGNED SUPREME. WITH ONLY ONE SERIOUSLY DIVISIVE
ISSUE -- EC DIRECT ELECTIONS -- LEFT ON THE AGENDA,
CALLAGHAN SHOULD EMERGE FROM CONFERENCE FREE FROM ANY

SIGNIFICANT POLITICAL DAMAGE AND WITH A MORE COHESIVE PARTY BEHIND HIM. END SUMMARY.

1. THE ANNUAL LABOR PARTY CONFERENCE OPENED OCTOBER 3 WITH A PROCEDURAL FIGHT OVER THE CONFERENCE ARRANGEMENTS COMMITTEE'S (CAC) DECISION TO WITHHOLD A PROPOSED CONSTITUTIONAL AMENDMENT REQUIRING ALL LABOR MPS TO BE RENOMINATED ("RESELECTED") BEFORE EACH GENERAL ELECTION. WITH THE SUPPORT OF THE UNIONS, A LEFT-WING MOTION TO REJECT THE CAC'S REPORT WAS DEFEATED BY NEARLY 5 TO 1 ON A CARD VOTE. ONCE THIS MATTER WAS BEHIND IT, THE CONFERENCE MOVED ON TO IMPORTANT ECONOMIC ISSUES -- ECONOMIC STRATEGY, PRICES AND UNEMPLOYMENT. DESPITE SOME HARSH ATTACKS ON THE GOVERNMENT FROM DELEGATES THE CONFERENCE ENDORSED ANODYNE RESOLUTIONS ON ALL OF THESE ISSUES' REJECTING THOSE WHICH WERE SEVERELY CRITICAL. THE PASSION AND FREQUENT BITTERNESS WHICH USUALLY CHARACTERIZES LABOR CONFERENCES, HOWEVER, WAS ABSENT, NO DOUBT LOST IN BRIGHTON'S SPACIOUS, MODERN CONFERENCE CENTER. CALLAGHAN COULD HARDLY HAVE HOPED FOR A MORE FAVORABLE CONFERENCE VENUE.

2. THE MOST SIGNIFICANT SPEECH OF THE FIRST DAY WAS CHANCELLOR HEALEY'S BRIEF DEFENSE OF HIS ECONOMIC POLICIES AND PROMISES FOR A BETTER FUTURE -- "THE DECLINE IN LIVING STANDARDS IS NOW OVER . . . JOBS AND

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LIVING STANDARDS WILL INCREASE FROM THIS MOMENT ON" -- WHICH WERE COUPLED WITH HIS REAFFIRMATION OF THE GOVERNMENT'S INTENT TO HOLD BACK EXCESSIVE WAGE DEMANDS. CLOSING ON A HIGH NOTE, HEALEY LAID INTO THE CONSERVATIVES AND STRESSED THAT THE NEXT GENERAL ELECTION WOULD "LAY THE FOUNDATION FOR A SOCIALIST BRITAIN FOR YEARS TO COME".

3. BUT CALLAGHAN PROVIDED WHAT WILL PROBABLY PROVE TO BE THE HIGH POINT OF THE CONFERENCE ON OCTOBER 4. IN A CONFIDENT MOOD AND CLEARLY ENJOYING HIMSELF, HE RECAPITULATED THE GOVERNMENT'S ACCOMPLISHMENTS, HAMMERED THE TORIES AND CALLED UPON THE LABOR MOVEMENT TO WORK FOR A LABOR VICTORY IN THE NEXT GENERAL ELECTION, WHETHER IN 1978 OR 1979. IT WAS AN ARTFUL PERFORMANCE, TRIGGERING THE CONFERENCE'S FIRST STANDING OVATION. THE DELEGATES WERE CLEARLY IMPRESSED BY THEIR LEADER. ONE LONG-TIME TRADE UNION LEADER LATER REMARKED THAT IT WAS THE "BEST CONFERENCE SPEECH I'VE HEARD IN 22 YEARS".

4. CALLAGHAN REITERATED HEALEY'S PROMISE OF EARLY REFLATIONARY ACTION, INCLUDING TAX REDUCTION; ASKED

CONFERENCE TO SUPPORT HIS STRATEGY TO KEEP BRITAIN IN
THE EC AND FIGHT FOR REFORM FROM WITHIN; DEMANDED

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PARLIAMENTARY SUPPORT FOR THE GOVERNMENT'S DEVOLUTION
BILLS; REJECTED PROTECTIONISM AS A SOLUTION TO BRITAIN'S
ECONOMIC PROBLEMS; ANNOUNCED THERE IS "EVERY PROSPECT"
FOR A MAJOR CONTRACT FROM POLAND TO CONSTRUCT 24 SHIPS
IN BRITISH YARDS; AND PROMISED PUBLICATION OF A DIS-
CUSSION PAPER LATER THIS YEAR EXAMINING ALTERNATIVE
WAYS TO INVEST BRITAIN'S ANTICIPATED NORTH SEA OIL
WEALTH. CALLAGHAN ALSO CHIDED THE CONSERVATIVE PARTY,
MRS. THATCHER AND SIR KEITH JOSEPH ON A VARIETY OF
FRONTS AND WITH A DEFT, HUMOROUS TOUCH. THE AUDIENCE
LOVED IT.

5. RETURNING TO ITS BUSINESS, CONFERENCE DUTIFULLY
FOLLOWED THE NEC'S ADVICE, APPROVING UNOBJECTIONABLE
RESOLUTIONS ON TRADE UNION RIGHTS, ENERGY AND PENSIONS.
THE OCTOBER 4 AFTERNOON SESSION WAS DEVOTED TO INTERNAL
PARTY AFFAIRS -- FINANCES, ORGANIZATION, AND RULES --
IN A CLOSED SESSION.

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6. ONLY ONE MAJOR ISSUE REMAINS ON THE AGENDA FOR THE BALANCE OF THE WEEK: THE PARTY'S POSITION ON DIRECT ELECTIONS TO THE EC. ALL INDICATIONS ARE THAT THE CONFERENCE WILL OVERWHELMINGLY ENDORSE THE NEC'S STATEMENT PERMITTING THE PARTY TO PARTICIPATE. RESOLUTIONS ON THE COMMON AGRICULTURAL POLICY AND OTHER EC ISSUES, ALL IN BASIC CONFIRMITY WITH GOVERNMENT POLICY, ARE EXPECTED TO BE APPROVED. ON FRIDAY, THE CONFERENCE WILL CONSIDER A RESOLUTION CALLING FOR BRITISH RENUNCIATION OF NUCLEAR ARMS AND FOR CLOSURE OF ALL NUCLEAR BASES IN THE UK. IT IS NOT EXPECTED TO PROSPER. A RESOLUTION (NOT TO BE CONFUSED WITH THE CONSTITUTIONAL AMENDMENT) CALLING FOR MANDATORY RENOMINATION OF LABOR MP'S REMAINS ON THE AGENDA AS WELL. IF EXPECTATIONS ARE FULFILLED, THE SPONSORS WILL REFUSE TO REMIT THE RESOLUTION TO THE NEC, THE NEC WILL THEN ASK CONFERENCE TO REJECT IT, AND CONFERENCE WILL COMPLY, BURYING THE ISSUE UNTIL 1981.

7. COMMENT: THUS FAR THE CONFERENCE HAS PROCEEDED ALMOST EXACTLY ACCORDING TO CALLAGHAN'S PLAN. IF EVENTS DO CONTINUE TO FLOW IN THIS MANNER -- AND WE SEE NO SIGNIFICANT THREATS ON THE HORIZON -- IT WILL BE A MAJOR SUCCESS FOR HIM DESPITE HIS FAILURE TO BREAK THE LEFT'S HOLD ON THE NEC. THE PREVAILING MOOD AT ALL LEVELS WITHIN THE PARTY SEEMS GOOD, IF NOT ECSTATIC. ALTHOUGH IT IS TOO EARLY TO TELL WHETHER THE CONFERENCE WILL BE A PUBLIC RELATIONS SUCCESS, IT IS DIFFICULT AT THIS POINT TO SEE HOW IT COULD BE UNFAVORABLE TO ANY SIGNIFICANT EXTENT.

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Message Attributes

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